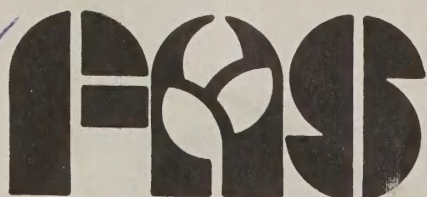


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REPORT

United States
Department of
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Foreign
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Service

Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 36-81

WASHINGTON, Sept. 10--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

Consultations under the extended US/USSR GRAINS AGREEMENT are scheduled to take place in Moscow Sept. 30 and Oct. 1. The U.S. team will be led by USDA's Under Secretary for International Affairs and Commodity Programs Seeley Lodwick and will include representatives of the U.S. Trade Representative's Office, and the Departments of State and Transportation.

Under the four-year US/CHINA GRAINS AGREEMENT (1981-1984), the first annual consultations were held in Washington Sept. 2-3. Because of ample grain supplies in the United States, the Chinese were advised that they need not give prior notice (as stipulated in the agreement) if their grain purchases this year top 9 million tons.

Since Jan. 1, the Chinese have purchased over 6.6 million tons of wheat and 200,000 tons of corn for delivery this year. Shipments are likely to increase somewhat during the remainder of 1981. To date, about 660,000 tons of wheat have been sold for delivery next year (Jan.-Dec. 1982).

ARGENTINA's grain and oilseed exports continue at record levels, reaching 3.6 million tons in July. This is more than double the level shipped in July 1980. Despite the elimination of overtime at the port of Buenos Aires, the record export level was achieved due to very favorable weather throughout the last half of July, generally better management and labor coordination, and a high level of grain handled by private elevators. July is the third consecutive month of record exports. In May and June, 3 and 3.5 million tons, respectively were shipped.

BRAZIL purchased 27,000 tons of No. 3 Hard Amber Durum wheat on Aug. 18, probably the first such purchase ever. Since the Brazilian pasta manufacturers would like to enhance the quality of their products, it is very

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MARY FRANCES CHUGG, Editor. Tel. (202) 447-2280. Additional copies may be obtained from the FAS Information Services Staff. Room 5918-South, Washington, D.C. 20250. Tel (202) 447-7937.

possible the Brazilian Wheat Board will make additional purchases, as long as Durum is priced competitively with other classes of wheat.

In ROMANIA, drought conditions, which have prevailed throughout much of the country since May, have seriously affected the 1981 corn crop. USDA teams, traveling through various areas, report large fields of early planted corn with sparse stands and only three to five feet of growth. Reportedly, cobs are small with kernel development only two-thirds complete. The corn crop is seriously stressed in all but irrigated areas where an average crop was observed. Officials indicate that because of energy problems the amount of irrigation has been reduced.

CANADA's grain handlers at Thunder Bay have walked off their jobs, following a breakdown in negotiations over a new contract. The facilities at this port handle over half of the total Canadian grain exports and a strike for any appreciable length of time will, in all likelihood, lower overall export levels.

OILSEEDS AND PRODUCTS

THAILAND has been importing large quantities of palm oil and coconut oil, according to the U.S. agricultural counselor in Bangkok. These imports have caused serious problems for the local vegetable oil industry, and have depressed domestic prices of coconuts and some oilseeds. National oil producers have asked that the government take measures to restrict imports. It now appears that a surcharge will be applied to palm oil imports, rather than a three-month import ban that some industries demanded. The surcharge is likely to be at least 15 percent of the c.i.f. value.

Malaysia's palm oil output showed a sharp recovery in July, with production unofficially reported at about 275,000 million tons or over 10 percent above July 1980. The upswing follows disappointing production levels during the first six months of the year when output totaled an estimated 1.2 million tons. That was about the same as production a year earlier. The slowdown in growth of production has been attributed to the palm trees entering a resting stage, following a prolonged period of high productivity. No substantial change in 1981 Malaysian palm oil output is foreseen at this time.

Malaysian palm oil exports have remained strong, despite the disappointing growth in production. During January-April 1981, the latest period for which trade information is available, exports of crude and refined oil totaled 783,000 tons, compared with 733,000 tons for the same period a year earlier.

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PRODUCTION AND EXPORTS OF FISHMEAL registered substantial declines during January - June 1981, compared with the same six months a year ago, according to the Fishmeal Exporters Organization (FEO). The bulk of the decline took place during January - March. A large share of the export decline reflected reduced shipments to the Socialist countries. The data compiled from the FEO statistics are as follows in 1,000 tons.

	<u>Jan-June 1980</u>		<u>Jan-June 1981</u>	
	<u>Production</u>	<u>Exports</u>	<u>Production</u>	<u>Exports</u>
Chile	224.1	213.0	243.6	163.3
Iceland	91.1	95.5	55.5	56.7
Norway	174.6	137.1	197.6	153.2
Peru 1/	300.5	229.3	248.3	117.4
South Africa	133.7	8.7	129.3	1.2
Total	924.0	683.6	874.3	491.8
Jan-March	456.8	336.6	374.7	202.7
April-June	467.2	347.0	499.6	289.1

1/ Includes cannery meal

DAIRY, LIVESTOCK AND POULTRY

In TUNISIA the Ministry of Agriculture has approved a dairy project which would allow imports of Holstein heifers and semen, milking parlors, milk-cooling tanks and a plant for collection, treatment and processing of milk. Tunisia would like to import 5,000 to 6,000 purebred, pregnant Holstein heifers, which should have documentation of pedigree and sire lineage. A detailed health certificate also must be supplied. In addition, 50,000 doses of certified, purebred Holstein semen is to be imported, which must conform to U.S. standards and meet genetic specifications. The total value of this project has been estimated at more than \$30 million.

TOBACCO

In JAPAN, the Tobacco Cultivation Council has taken steps to reduce burdensome domestic tobacco stocks. In an Aug. 28 decision, the Council cut tobacco area by 8 percent and raised the purchase price by only 1.47 percent.

The total authorized tobacco area for next year will be cut by 4,943 hectares. The reductions vary by type and tobacco with flue-cured, domestic varieties and burley areas cut 8, 9 and 6 percent, respectively. Farmers who reduce their area will receive a bonus equal to about \$6,500 per hectare. This is equivalent to one-third the gross income from a hectare of tobacco (based on 1978 data) and is estimated to be above the net per hectare income of most producers.

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The Council's decision to limit the purchase price increase to 1.47 percent includes a feature that will pay special bonuses for high-quality leaf. With the special quality bonus, the effective price increase will be 2 percent. The current inflation rate is running 5.5 percent per year.

U.K. cigarette manufacturers are experiencing huge revenue losses because of sharply lower sales. Cigarette taxes have been raised twice this year--14 pence in March and 3 pence in July. Furthermore rising costs have forced manufacturers to initiate additional price increases.

Imperial Group has been particularly hard hit by the tax increases. In an effort to recoup losses, they recently announced a 2 pence per pack price increase. This pushed the price of a pack of twenty cigarettes to 96 pence (US\$1.78).

Earlier in 1981, prior to the two tax increases, Imperial's market share was estimated to be 60 percent, compared with current estimates of 51 percent. Additionally, the total U.K. cigarette market has shrunk 20 percent subsequent to the increases. Imperial expects sales to fall an additional 12 percent, following the latest price increase.

Lower cigarette sales and a stronger dollar may result in lower leaf purchases from the United States.

HORTICULTURAL AND TROPICAL PRODUCTS

In the UNITED KINGDOM, a recent Potato Marketing Board survey of registered growers confirmed that potato plantings for the 1981 season totaled only 161,147 hectares, 7 percent below registered plantings in 1980. The cut-back in area is due to lack of grower confidence and the fact that the potato guarantee has remained unchanged at US\$23.70 per ton since 1978.

Lower yields also are anticipated during the 1981 season. Unusually warm, dry weather during August resulted in high moisture transpiration. The dry spell, coupled with widely scattered outbreaks of blight, are expected to push yields well below the 36.98-ton-per hectare harvested during 1980.

The WORLD COFFEE CROP for 1981/82 is estimated now by USDA at 95.3 million bags (60 kilograms each), up 11.7 million bags from the 1980/81 outturn. This is the second USDA estimate for the 1981/82 crop and for the first time includes production estimates for Thailand and Zimbabwe. Based on past performance, the chances are two out of three that this second estimate of total production will not vary more than 2.9 percent from the final outturn for the year.

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South America's 1981/82 production is estimated now at 51.2 million bags, up 30 percent from the revised 1980/81 outturn. This significant increase largely reflects the excellent crops in Brazil and Colombia, which combined account for 91 percent of South America's production and 49 percent of the world crop. Brazil's coffee crop estimate for 1981/82 is now 32.5 million bags, up 500,000 bags from the initial estimate, reflecting better than expected "dehusking yields" in the major producing states of Parana and Minas Gerais.

Central America's total crop is expected to be down about 100,000 bags for 1981/82 to 9.2 million bags. The decline reflects, in part, lower production expected in Costa Rica and El Salvador. Mexico's production is estimated now at 3.85 million bags, up 5 percent from last season.

Africa's total crop also is expected to be off in 1981/82 at 19.1 million bags, compared with 19.8 million last season. The decline largely reflects lower crops in the Ivory Coast, Cameroon, Uganda and Zaire. The downturn was somewhat offset by improved crops expected this season in Ethiopia, Kenya, Madagascar and Tanzania.

In Asia and Oceania, 1981/82 production is estimated at a record 10 million bags, compared with 9.6 million bags produced last year. Improved crops in India, the Philippines, Papua-New Guinea, and especially Indonesia largely account for the upward trending growth in regional output.

Total production estimates by region and principal producing countries for 1981/82 (with revised 1980/81 estimates in parentheses) are as follows, in 1,000 bags:

Total South America: 51,167 (39,436); Brazil 32,500 (21,500); Colombia 14,500 (14,000); Ecuador 1,525 (1,413); Peru 1,250 (1,170) and Venezuela 1,035 (1,073).

Total Central America and Mexico: 13,054 (12,961); Guatemala 2,600 (2,450); El Salvador 2,214 (2,376); Costa Rica 1,875 (2,038), Honduras 1,500 (1,380) and Mexico 3,850 (3,650).

Total Caribbean: 1,938 (1,844); Dominican Republic 800 (790) and Haiti 550 (460).

Total Africa: 19,148 (19,782); Ivory Coast 4,666 (5,333) Ethiopia 3,200 (3,100); Uganda 1,900 (2,000); Cameroon 1,600 (1,750); Kenya 1,587 (1,503) and Tanzania 1,100 (1,000).

Total Asia (including Middle East) and Oceania: 10,021 (9,556); Indonesia 5,420 (5,162), India 2,250 (2,175); Philippines 835 (769) and Papua-New Guinea 900 (850).

Further details will be available in the FAS Circular, World Coffee Production and Trade, to be released Oct. 1.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Sept. 8, 1981	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			\$ per m. ton
Canadian No. 1 CWRS-13.5%.....	219.00	5.96	+08
U.S. No. 2 DNS/NS: 14%.....	194.00	5.28	+22
U.S. No. 2 DHW/HW: 13.5%.....	200.00	5.44	+16
U.S. No. 2 S.R.W.....	182.00	4.95	+40
U.S. No. 3 H.A.D.....	196.00	5.33	+24
Canadian No. 1 A: Durum.....	218.50	5.95	+22
Feed grains:			
U.S. No. 3 Yellow Corn.....	141.75	3.60	+06
U.S. No. 2 Sorghum <u>2/</u>	147.00	3.73	+07
Feed Barley <u>3/</u>	153.00	3.33	+22
Soybeans:			
U.S. No. 2 Yellow.....	267.00	7.29	-22
Argentine 4/.....	263.50	7.17	-23
U.S. 44% Soybean Meal (M.T.)..	234.00	--	+1.00 <u>5/</u>
EC Import Levies			
Wheat <u>6/</u>	71.05	1.93	-06
Barley.....	68.95	1.50	+12
Corn.....	74.75	1.90	+06
Sorghum.....	66.55	1.69	+03

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis October delivery.

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